

DIRECTORATE OF INTELLIGENCE

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Vietnam: Recently captured documents give the impression that the Communists are looking down the road toward a cease-fire and a temporary territorial division of South Vietnam.

The documents reflect the Viet Cong version of decisions reached in Hanoi during a major strategy review last April. These same meetings led to the promulgation in Paris of the Communist ten-point peace plan in May and the "Provisional Revolutionary Government" in South Vietnam in June. Those moves laid the ground work for an eventual cease-fire and the existence of two separate "regimes" pending a permanent political settlement.

Ho Chi Minh's terminal illness this past summer may have disrupted Communist plans to develop this scenario more fully. The continued dissemination of this line among Communist cadre in South Vietnam, however, suggests that the basic policies reached last spring are still intact.

* * * *

Current projections for the 1970 crop year indicate that South Vietnam's rice harvest will be the biggest in five years, mainly because of the increased planting of high-yield miracle rice.

South Vietnam became a rice-importing country in 1965; since then, rice production has declined 18 percent because of the ravages of the war. The two varieties of miracle rice first introduced commercially last year, however, give an average crop yield about 2 1/2 times larger than standard varieties. In addition, improved security in the countryside has allowed an expansion of the total cultivated area and could lead to a halving of the rice imports for next year, and possibly to self-sufficiency in production by the end of 1971.

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South Korea: President Pak has capitalized on his resounding referendum victory by revamping his government and adopting a conciliatory attitude toward his opponents.

The pro forma resignation of government and ruling party members immediately after the referendum gave Pak an opportunity to remove his presidential secretary and the director of South Korea's Central Intelligence Agency, two of the most powerful and feared figures in the administration. Pak, in effect, had pledged their removal in order to secure party unity during the crucial constitutional amendment process which culminated in last week's referendum.

The new officials appointed to the cabinet and government administration yesterday are regarded as competent, noncontroversial technicians by the Korean public. Additional changes are expected in both the party and national assembly and probably will further strengthen the President's position.

Administration officials are not gloating publicly over the 65 percent approval of the third term amendment, which outstripped Pak's tally in the 1967 presidential election. Pak, himself, has asked the people to "cheer up" the opposition party. Pak recognizes that the largely ineffectual opposition party must be buoyed up if he is to maintain at least the appearance of a functioning two-party system.

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Chile: One of the two army regiments that mutinied yesterday is still defying government control.

The leader of the uprising, former First Division commander General Roberto Viaux, claims that the action is not an attempt at a coup but an airing of protest against the military high command. He said it sought the removal of Defense Minister Marambio and Army Commander Castillo and their replacement by officers enjoying the confidence of the army. Viaux had been forced into retirement on 16 October because the Frei government suspected him of plotting to force it to comply with military demands for higher pay and better equipment.

It is still unclear how much support the rebelling Tacna Regiment has. Officers from the noncommissioned officers' school reportedly have joined it, as have other individual officers, but rumors of movements by five regiments outside Santiago have not been confirmed.

There is no evidence of trouble in either the air force or navy, and the air force has been alerted to interdict any troops moving toward Santiago. The national police force—the carabineros—has 7,000 of its total strength of 25,000 stationed in greater Santiago and would almost certainly support the constitutional government.

A prolonged standoff between the Tacna Regiment and the government increases the likelihood of greater support for Viaux among the military. Moreover, the longer this confrontation in the center of Santiago continues, the greater is the chance of some disturbance. Extreme leftist terrorists who have been trying to stir up trouble in recent months are not responsive to Communist party or other discipline that might keep them in line.

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Somali Republic: The country remains calm following the coup by the army and police.

Radio broadcasts indicate a "revolutionary council" has been formed and the constitution dissolved. Prime Minister Egal and members of the government are under house arrest.

General Mohamed Siad Barre, commander of the army, and General Jama Ali Korshel, head of the police, are the only two members of the new council who have been identified. The junta claims that it acted to eliminate corruption and tribalism and to oust those responsible for the "corrupt malpractices of the ruling classes." The council announced that all international agreements and treaties will be respected and that Somalia's foreign policy of non-alignment will be maintained.

Both the army and police had grievances against Egal, who had emerged as the key figure in the government following the assassination of President Scermarche last week. The uncertainty created by the assassination apparently provided the opportunity to move against him. General Siad has long opposed both Egal's detente with Ethiopia and his attempts to curb defense spending in favor of economic development. Police morale has been low ever since Egal and Scermarche ousted the popular former police commandant earlier this year.

The military takeover may spell the end of the detente between Somalia and its neighbors, particularly Ethiopia. The Soviet trained and equipped Somali Army has long advocated a hard line toward Ethiopia.

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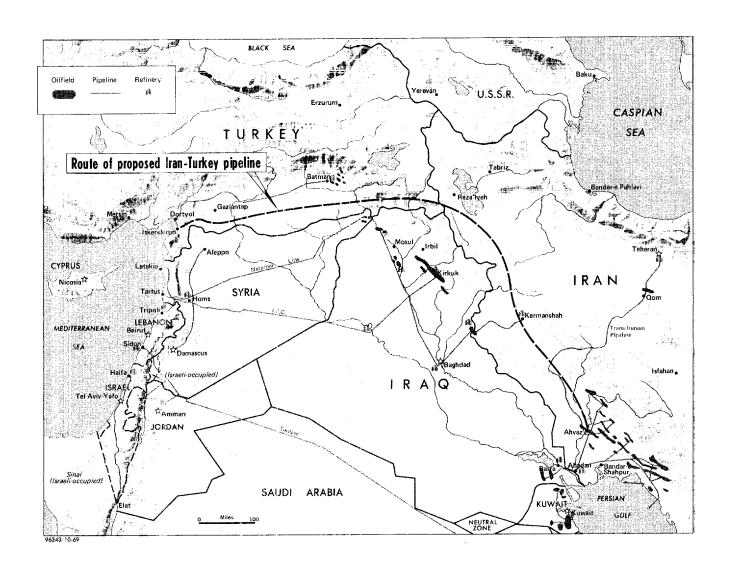
Despite the junta's assertion that it will not interfere in the affairs of other countries, it has announced it will support all "freedom fighters." This statement by itself will probably provoke severe reactions in Addis Ababa and could easily lead to new tension along the Ethiopian-Somali border.

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Iran: The international oil consortium's failure to support a proposed 1,000-mile crude oil pipeline from southern Iran to the Mediterranean port of Iskenderun in Turkey may delay or doom this pet project of the Shah.

The consortium, which controls almost all of Iran's crude oil output, has refused thus far to commit itself to use the pipeline if built. Without such a commitment, financing for the construction almost certainly cannot be obtained.

The consortium thinks that the estimates of pipeline construction costs and probable transit tariffs are too low. It also believes that tankers offer more secure supply lines in time of crisis. The consortium's lack of interest also is based on the large capital investments already made to increase Iran's oil tanker loading facilities in the Persian Gulf.

Iran sees the pipeline as a direct crude oil outlet to the Mediterranean for markets in western and eastern Europe. It also would gain a competitive advantage in supplying oil to Turkey. Furthermore, Iran hopes that the pipeline would speed development (Map) of oilfields in northern Iran.

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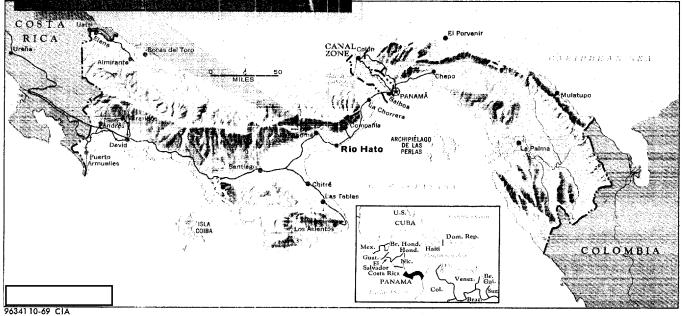
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PANAMA



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Panama: The government is willing to negotiate an extension of the Rio Hato Base agreement in return for certain concessions.

During a visit to the US earlier this month, Panamanian strongman General Torrijos told a senior US military official that he would support continued US use of the installation on an interim basis until the 1903 Canal Treaty is revised. Last Friday Torrijos told the US Commander in Chief, Southern Command, that a suitable quid pro quo would be an increase in the US sugar quota for Panama. Torrijos had earlier requested four T-28 aircraft and two helicopters. Although he did not link the request for military equipment with the base agreement, which expires in August 1970, it is possible that he may do so.

Rio Hato, a 19,170-acre training area and air base, is the only US military installation outside the Canal Zone. The draft canal treaties resulting from US-Panamanian negotiations from 1964 to 1967 included arrangements for continued use of the base by US forces. The draft treaties have not been acted upon, however, because they were unacceptable to both sides and because of the political problems resulting from the Panamanian elections and the military coup.

(Map)

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Dominican Republic: Violence continues to characterize the presidential campaign.

Last Sunday police opened fire on leaders of the major opposition Dominican Revolutionary Party following a large rally. Party Secretary General Pena Gomez, among others, narrowly escaped death. One security officer was killed, and police, who claim they were attacked, made several hundred arrests. The following day students exchanged gunfire with police during a university demonstration. Two students reportedly were wounded.

These were the latest incidents in what could be a growing series of clashes between civilians and security forces. Many policemen, if not trigger happy, are prone to use strongarm tactics. The Communists continue to provoke violence with sporadic police assassinations, and small bands of militants in nearly every party are usually ready to start clashes with the police.

As a result of the continued violence, President Balaguer's opponents have accused him of directing a campaign of repression designed to pave the way for his re-election. This is probably not true, but Balaguer's image suffers from his inability to control some members of the security network. His tactic of responding to public criticism by periodically sacking the police chief has proved only a temporary palliative.

Few of the political leaders are above resorting
to violent tactics. If Balaguer announces for re-
election, as now seems likely, his opponents will
redouble efforts to mount protests and try to make
good on their boasts.

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USSR: The first installment of a new novel by the leading reactionary writer, Vsevolod Kochetov, appearing in the conservative monthly of the Writers Union, reads like a primer of conservative bugaboos.

Kochetov's novel, poor as a work of literature, deserves attention as an indication of the moods and preoccupations of conservative intellectuals. The main point of the novel, What Do You Want?, is that the rush to discredit Stalin was unjust and seriously weakened the moral fiber of Soviet society. The novel's villains take credit for engineering de-Stalinization. The author thus places those Soviets who use labels such as "Stalinist" or "dogmatist" in league with CIA/West German/Russian emigre schemers, spies and revanchists.

Samarin, the novel's hero, is a Stalin-boosting bureaucrat who looks upon the younger generation as dangerously lacking in vigilance. His equally upright son is contrasted with a young blackmarketeer whose father is a member of the conscienceless, liberal intelligentsia. The liberals are presented as having milked de-Stalinization for professional advancement.

Samarin rejects the charge that Stalin failed to prepare for World War II, noting that the most important things were done, including the development of industry, the collectivization of agriculture and the elimination of the Kulaks and all opposition in the party.

The spies work for "New World" publishers. In the novel this name appears in English but a Russian reader will recognize it as a clear reference to the liberal journal Novy Mir (New World). One of the representatives of "New World" explains that "bridge-building" was developed as a new way to destroy Communism, and boasts that de-Stalinization was exploited exceptionally well. He laments the growth of the

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National Democratic Party in West Germany as a hindrance to "bridge-building." One spy notes that "bridge-building" is clever but that in the final analysis it will be German tanks that count.

A Miss Brown, depicted as a CIA agent, explains that "bridge-building" involves a three-pronged approach: to wean the oldsters from Communism with religion, to corrupt the middle-aged with the "cult of things," and to encourage youth to revolt against Communist authority. Nevertheless, she "admits" that, despite Western propaganda, most people in the West still regard the USSR as the land of opportunity and prosperity.

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Japan: The Sato government probably has emerged from yesterday's widespread leftist rampage with stronger public support for its position on maintaining defense ties with the US. The leftists, by virtually paralyzing Tokyo and disrupting other urban centers throughout Japan, seem likely only to have added to the swing of popular opinion away from the protesters and toward the government. By successfully countering the new "guerrilla" tactics adopted by the radical students and rounding up hundreds of the agitators, the police may have set back plans to disrupt Sato's departure for the US next month.

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UK-Spain: The UK has become more uneasy over Spain's harassment of Gibraltar and has indicated that it will react strongly in the future to such action. The British fear that if Spain applies more pressure to the Rock to sever its ties with Britain, it will seriously threaten the livelihood of the Gibralterians. London is particularly concerned with a possible Spanish attempt to interfere with sea access to the colony, and is drawing up contingency plans that include sanctions against Spain and a British escort for ships entering Gibraltar harbor. Madrid is in fact considering further measures to isolate Gibraltar—tighter control of air space and territorial waters and a cutoff of European communications.

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